

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING,

In response to Senate resolution of December 9, 1885, report of the Secretary of State, with information relative to gold and silver coinage in Europe.

JANUARY 7, 1886.—Read and referred to the Committee on Finance and ordered to be printed.

To the Senate :

I transmit herewith, in response to a resolution of the Senate of the 9th ultimo, a report of the Secretary of State in answer to the request for any documents or information received from our consul-general at Paris, or from the special agent sent to the financial centers of Europe in respect to the establishment of an international ratio of gold and silver coinage as would procure the free coinage of both metals at the mints of those countries and our own.

GROVER CLEVELAND.

EXECUTIVE MANSION,
Washington, January 7, 1886.

To the President :

In compliance with the Senate resolution of December 9, 1885, I transmit with this letter sundry documents relating to the action taken by you, through this Department, to obtain information at the financial centers of Europe in respect of the practicability of establishing such an international ratio between gold and silver as would permit and induce the free coinage of both of these metals at the mints of the United States and of the leading commercial powers of Europe.

As a condition precedent to Congressional action upon this profoundly important subject, the attainment of the knowledge and intention in relation thereto of those charged with the financial conduct and safety of the leading commercial nations of Europe has been sought and, I believe, obtained.

Whilst the policy of this Government and the expression of legislative opinion has been fully recognized and amply expressed in the recital of the acts and resolutions of Congress, as will be perceived in the copy of the instructions which accompany this letter, and a constant and candid avowal has at all times been made of the earnest desire of this Government to obtain and maintain the unlimited and free coinage of both of the precious metals, at such a ratio and equivalency of their valuation

as shall lead to the withholding of neither from the mint, but to secure a metallic currency whose volume can be supplied from the world's production of both silver and gold, and to that end to co-operate internationally with foreign governments.

Yet it has been the object of this Department and its agents, whilst avowing our readiness to co-operate, not so much to impress our own opinions and wishes upon others as to obtain well-considered and independent views from the most influential, responsible, and competent sources in order to lay before Congress.

First. The actual status of the metallic currencies in the respective European countries; and

Secondly. The intentions and policies of those governments in relation to the subject, with details of their action up to the present time.

It is believed that the accompanying letters from the ministers of the United States to Great Britain, France, and Germany, respectively, summarize and convey the true condition of opinion and intention of the governments and people to whom they have been severally accredited.

The more effectually to attain this end a gentleman specially conversant with the question, a thorough and accomplished student of finance, was selected to act in conjunction with the resident envoys, and by personal conference and confidential urgency to ascertain the present opinions and purposes of those governments in respect of the subject in view.

Mr. Marble has thoroughly availed himself of the unusual opportunities thus afforded, and the information so gathered by him in quarters most authoritative and reliable, and from sources deemed entirely trustworthy, has been canvassed with diligence and care, and the results are plainly and succinctly set forth in the letters now transmitted of the ministers "in conjunction" with whom he was instructed to act, and who were fully possessed of the information so acquired.

No separate report by Mr. Marble has been made, because the results of his investigations appear fully in the letters of Messrs. Phelps, McLane, and Pendleton.

The convocation at Paris in June last of the monetary congress of the delegates of the European states composing the "Latin Union" was deemed an opportune occasion for an expression of interest by this Government in the questions there considered.

Mr. George Walker, the consul-general of the United States at Paris, a gentleman well versed in fiscal science, who has on other occasions been selected by this Government to investigate the question of silver coinage in Europe, was requested by me to attend the proceedings of the Latin congress and make report thereupon to this Department.

Mr. Walker has intelligently performed the duty assigned to him, and his communication to the Department, containing a history of the proceedings of the late congress, and his views in relation thereto, is annexed.

From Mr. McLane, our minister at Paris, I have received, in its full text, a copy of the late monetary convention settled between the states of France, Italy, Switzerland, and Greece, and also a copy of the supplementary article by which the adhesion of Belgium was given to the alliance. Accurate translations of both of these documents accompany this letter.

Respectfully submitted.

T. F. BAYARD.

DEPARTMENT OF STATE, *January 7, 1886.*

List of accompanying papers.

1. Senate resolution of December 9, 1885.
2. Mr. Bayard to Mr. Marble [extract], May 13, 1885.
3. Mr. Bayard to Mr. Phelps, May 14, 1885.
4. Mr. Phelps to Mr. Bayard, October 20, 1885.
5. Mr. McLane to Mr. Bayard, October 1, 1885.
6. Mr. Pendleton to Mr. Bayard, October 19, 1885.
7. Mr. Walker to the Assistant Secretary of State, March 6, 1885.
8. Mr. Bayard to Mr. Walker [telegram], April 3, 1885.
9. Mr. Bayard to Mr. Walker, May 29, 1885.
10. Mr. Walker to Mr. Bayard, August 20, 1885.
11. Monetary convention of November 6, 1885.
12. Additional act to the monetary convention, signed November 6, 1885, between France, Greece, Italy, and Switzerland.

No. 1.

IN THE SENATE OF THE UNITED STATES,
December 9, 1885.

Resolved, That the President of the United States be requested to communicate to the Senate, if not incompatible with the public interest, any documents or information received from our consul-general at Paris, or from the special agent sent to the financial centers of Europe, in respect to the establishment of an international ratio of gold and silver coinage as would procure the free coinage of both metals at the mints of those countries and our own.

Attest:

ANSON G. MCCOOK,
Secretary.

No. 2.

Mr. Bayard to Mr. Marble.

[Extract.]

DEPARTMENT OF STATE,
Washington, May 13, 1885.

SIR: The President has had in review the several successive acts of the Congress of the United States, from March, 1876, to July, 1884, which—authorizing the Silver Commission of 1876-77; the International Monetary Conference at Paris, of August, 1878; the International Monetary Conference at Paris, of April-July, 1881, and also negotiations with foreign governments under the acts of June 21, 1879, and August 7, 1882, and the continuance of the same under the act of July, 1884—have sought to prepare for, promote, and obtain the adoption of “a common ratio between gold and silver, for the purpose of establishing internationally the use of bimetallic money, and securing fixity of value between those metals.”

In compliance with the uniform purpose indicated in those various acts of Congress in furtherance of their object, and in execution of the policy they prescribed to the Executive, I am directed by the President,

who recognizes your especial competency in the practical monetary and economic sciences, to request that you proceed to Europe at the earliest date which shall suit your convenience, and by personal conference with the expert advisers and statesmen of the principal governments of Europe, and in conjunction with the ministers representing the United States near those governments, particularly with our ministers to Great Britain, France, and Germany, to whom you will be duly accredited, to whom copies of this instruction will be confidentially transmitted, and who will be directed to facilitate the object in view by every means in their power, by personal conference with representatives of those governments duly authorized in this behalf, that you assist the ministers of the United States to ascertain the present opinions and purposes of those governments in respect to such an establishment, internationally of fixed relative value between the two metals, one ratio of weight between coins of gold and coins of silver, the free coinage of both metals at the mints of all, and the international use of both metals as money of unlimited legal tender.

Your service to the Government in this special confidential mission will begin at once, and will end on or before the reassembling of the Congress in December next. * * *

I am, &c.,

T. F. BAYARD.

MANTON MARBLE, Esq.,
New York.

No. 3.

Mr. Bayard to Mr. Phelps.

DEPARTMENT OF STATE,
Washington, May 14, 1885.

SIR: Mr. Manton Marble has been chosen by the President as the confidential agent of the Government of the United States to visit the principal countries of Europe, there to ascertain the present opinions and purposes of their Governments touching a fixed ratio between gold and silver, and their unrestricted coinage and collateral use as money in domestic circulation and international exchange.

The inclosed copy of the instructions given to Mr. Marble will possess you of the objects of his mission and the manner and extent of the aid which you, and the other ministers of the United States to whom a like instruction is addressed, will be expected to assist him.

As it is difficult to overstate the importance of the question and the momentous consequences to the American people which are involved in its solution, the necessity for accurate and full knowledge of all the facts and of the real intentions and attitude of the leading powers of Europe in regard thereto becomes apparent.

I trust, therefore, that not later than the 1st of November, next, with the assistance of Mr. Marble's labors, you will enable the President to lay before Congress information, coupled with proper suggestion, which may make practicable such legislation as will meet the grave emergency.

I need not impress upon you the necessity of reticence as to Mr. Marble's function. You will naturally regard this instruction for the present as personal, withholding it from the files of the legation until the proper time arrives for making it of record.

I am, &c.,

T. F. BAYARD.

[The same instruction, *mutatis mutandis*, was sent to the United States ministers at Paris and Berlin.]

No. 4.

Mr. Phelps to Mr. Bayard.

LEGATION OF THE UNITED STATES,

London, October 20, 1885.

SIR: Referring to your confidential dispatch of May 14, 1885, on the subject of the coinage, which, in accordance with the instructions therein contained, has been hitherto withheld from the files of this legation, I have now to report as follows:

The dispatch was immediately followed by the arrival of Mr. Manton Marble, the confidential agent sent out by the Department of State to visit this and other countries for the purpose of obtaining full and precise information on the subject. With him I had very free and protracted conferences, and exerted myself to place him in confidential communication with leading members of Her Majesty's Government, especially those having official relations to the subject of his mission, and also with other gentlemen of eminent position in both political parties who were conversant with the questions involved, and in a situation to form useful opinions as to the prevailing sentiment and probable future governmental action in regard to them.

Mr. Marble's interviews with all these gentlemen were full and exhaustive. Their views were expressed to him with frankness. The whole ground was gone over. In some of these conferences I participated, and the result of the others was made known to me as they took place. There can be no doubt that the information thus obtained is entirely to be depended upon, and may be assumed as conclusive in respect to the attitude now occupied, and likely to be hereafter maintained, by the British Government on this subject.

From these as well as other sources I am satisfied that the British Government will inflexibly adhere to their past and present policy in respect to coinage; that they will not depart from the gold standard now and so long established; that they will not become party to any international arrangement or union for the creation of a bimetallic standard or of a common ratio between gold and silver, for the purpose of making both an unlimited legal tender, nor adopt such double standard or common ratio in Great Britain. On this point both political parties quite concur, and I believe that if either were to attempt to introduce such a departure from the existing money standard it would be driven out of power by the force of public opinion.

I do not regard it as a part of my duty to enter into the discussion of the subject, nor to express any opinion upon its merits, nor to attempt to recapitulate the reasoning by which the conclusion above

stated is supported in the minds of English statesmen, financiers, and theorists. If information of that kind is desired it will be fully supplied by Mr. Marble, who has now returned to the United States. I understand that the object of the Department of State in its instructions to me is to ascertain as definitely as possible what course is to be expected on the part of Great Britain in dealing with the questions involved. And I content myself with answering that inquiry as clearly as I can without adding a résumé of arguments already familiar to those acquainted with the subject.

I should not close this dispatch without expressing to the Department my sense of the thorough and zealous attention accorded by Mr. Marble to the duties of his mission, and the intelligence, tact, and discretion with which his inquiries have been conducted.

I have, &c.,

E. J. PHELPS.

No. 5.

Mr. McLane to Mr. Bayard.

LEGATION OF THE UNITED STATES,

Paris, October 1, 1885.

SIR: In further reference to your separate and confidential instruction of May 14, I have to report Mr. Marble's return from Berlin, and to advise you that he has to-day had an interview with Mr. de Freycinet, the minister of foreign affairs, and that he proposes to-morrow to leave Paris for London, on his way to the United States.

I have cheerfully given him all the assistance in my power to enable him fully to ascertain the present opinion and purpose of this Government touching a fixed ratio between gold and silver and their unrestricted coinage and collateral use as money in domestic circulation and international exchange. I have also availed myself of Mr. Marble's labors and intercourse with the expert advisers and statesmen of Great Britain and Germany, as also of this country, that I might with certainty report the present opinions and purposes of this Government as to the establishment, internationally, of a fixed relative value between gold and silver, that is, one common ratio of weight between coins of gold and coins of silver, and the free coinage of both metals at the mints of all, with the international use of both metals as money of unlimited legal tender. Appreciating fully the special competency of Mr. Marble in regard to all questions that concern the monetary and economic sciences, I would be disposed to defer very much to his judgment and experience if I discovered any difference of opinion between him and myself in the premises. I do not think, however, that he will take any exception to the views I shall report as to the present opinion and purposes of this Government touching the question under consideration.

Referring to my separate dispatch, under date September 11, I have to renew the opinion therein expressed, that while France would gladly receive the intelligence that the United States would adopt the French ratio of $15\frac{1}{2}$ of silver to 1 of gold, no consideration of future consequences, whether for good or evil, could induce her to adopt the American ratio of 16 to 1; still less would she adopt any higher ratio to assimilate the present commercial or market value of silver with the value

of gold, nor would she consent at any ratio now to permit an unrestricted or even a limited coinage of silver at her mints. The present opinion and purpose of her Government and people being to maintain, if possible, the two metals at their present ratio of $15\frac{1}{2}$ to 1 in domestic circulation and international exchange.

How far these views might be modified if Great Britain and Germany were disposed to enter into any international arrangement, it is not necessary for me to consider, and the embarrassments now pressing upon France, caused by the practical results of the treaty between the Latin powers, admonish her statesmen to exercise the greatest caution in treating this question upon any other than a purely domestic basis.

In the early part of this year, in view of the session of the Monetary Conference of the Latin powers, the minister of finance directed a count of the entire circulation of gold and silver in France, similar to that which was made in 1868 and 1878. This count was made on the 28th of May. All the treasurers, receivers, public cashiers, &c., were ordered at the closing of their respective offices on that day to count all the 10 and 20 franc gold pieces in their possession, and all the 5-franc pieces in silver, and all the notes of the Bank of France, the whole together constituting the legal-tender money of this country, and to classify all the pieces of coin according to their respective nationalities. More than twenty thousand public officers were engaged in this count on that day, and with this count, as a basis, a very close approximation has been reached of the entire amount of gold and silver coin in circulation in France. In comparing it with a similar count made in 1868 and 1878, a very great increase of silver circulation appears. In 1868 the proportion of gold to silver in circulation was as 97.72 to 2.28; in 1878 it was 73.55 to 26.45; and in 1885 it appears to be 69.33 to 30.67. What is very notable in this connection is that in 1865 the use of silver 5-franc pieces was well nigh abandoned, but after the treaty between the Latin powers, which took effect fully in 1868, the silver circulation commenced to increase, especially in all the eastern, southeastern, and southern provinces adjoining Belgium, Switzerland, and Italy, while in the west and center there was no change in the old proportion. It was from this count that I was enabled in my separate and confidential dispatch, under date of September 11, to inform you that a legal-tender silver coinage of about \$600,000,000 in value was maintained in France, but it is conceded that this result is mainly due to the fact that the coinage of silver was suspended not only in France, but in the other countries whose coin is allowed to circulate in France, this suspension being complete soon after the German coinage act of 1873.

The amount of foreign silver coin in circulation in France under the operation of this treaty is about \$200,000,000 in value, and the entire amount of silver coin in the Bank of France at this present time is about one-third of the whole circulation, foreign and domestic, and not one-half, as I stated in my former dispatch. This suspension of the coinage of silver, together with judicious financial administration, enables the bimetallic countries of Europe to maintain their existing circulation of silver coins, though France is greatly embarrassed by the large amount of foreign silver in circulation, that of Belgium amounting to about 465,000,000 francs, and that of Italy to about 435,000,000.

Belgium thus far refuses to redeem this silver coinage in gold and by this refusal is likely to prevent a renewal of the Latin treaty. It is believed in this country that the practical operation of the Latin treaty has been to hasten the fall of silver, and at the commercial value of silver to-day the 5-franc piece is intrinsically worth only about 4 francs,

and at this value France would lose about 600,000,000 francs on the silver coin in circulation, if the respective countries coining it should refuse to redeem it in gold coin.

These facts naturally suggest that the United States, the greatest gold and silver country in the world, should suspend its silver coinage in order to utilize it not only for circulation but as part of its Treasury reserve.

I do not understand that your separate and confidential dispatch of May 14 authorizes me to extend my observations further than to report the present opinion and purpose of this country, that the President may be able to lay such information before Congress with his own suggestions. I withhold, therefore, any further comment or suggestion as to the advantage which would be likely to accrue to the United States if it followed the example of the bimetallic countries of Europe, in promptly suspending its silver coinage and utilizing that which has been already coined in maintaining its public credit, and furnishing its people with so much thereof as our domestic and international exchange may require.

I have, &c.,

ROBERT M. McLANE.

No. 6.

Mr. Pendleton to Mr. Bayard.

LEGATION OF THE UNITED STATES,
Berlin, October 19, 1885.

SIR: Conformably to your instructions in the confidential and private letter of May 14, 1885, inclosing copy of instructions to Mr. Manton Marble, I have sought to ascertain the opinions and purposes of the German Government in respect to the establishment, internationally, of a fixed relative value between the two metals; that is, one ratio of weight between the coins of gold and coins of silver, the free coinage of both metals at the mints of all, and the international use of both metals as money of unlimited legal tender.

For this purpose I have sought the views of the leading men in political and financial circles, and observed the daily journals in which the subject has been a not infrequent topic ever since the vote of the Reichstag, refusing to reverse the decisions taken in the laws of December, 1871, and July, 1873.

I have also availed myself of Mr. Marble's stay in Berlin, for whom, in compliance with your instructions, I procured introductions to and interviews with the expert advisers of the Government and the highest officers of the Empire itself, to obtain, by personal intercourse with those authorized to speak by their official position or special competency, a well-founded judgment on this subject, which you justly describe as of momentous importance to the United States.

It is unnecessary that I should encumber this letter with the details of conversations or newspaper discussions relating to the technical, monetary, or commercial problems involved in the policy adopted by Germany in 1871-'73; in the execution of that policy down to the stoppage of the sales of her silver in 1879; in the intermediate period from 1879 to 1883, or to those which would be involved in an adoption now by Germany of a bimetallic policy, such as we have vainly sought to

further among the nations of Europe since our coinage act of 1878 proclaimed our preference for the collateral use of both metals in the international, as well as domestic, commerce of the civilized states of Europe and America.

These details and these individual opinions will doubtless be fully and more fitly reported to you by Mr. Marble, whose thorough mastery of the subject in all its minutiae, and extraordinary capacity to group the arguments, and to marshal the historical and commercial facts of this complex and recondite subject, have been of immense service in enabling me to verify and establish the grounds necessary for a correct opinion.

Nor is it proper that I should undertake to convey the opinions of individuals, of which the expression cannot be submitted to the revision of their authors. The purpose was to gather an aggregate opinion on a subject necessarily hypothetical in its statement, and unsusceptible of definite propositions for acceptance or rejection, or of any approach to such.

I rather confine myself to stating the conclusion and judgment which your letter requests me to form and communicate to you.

The adhesion of Germany to an international bimetallic union, such as was proposed by the United States and France in 1881, can scarcely be expected, it seems to me, within any limit of time now to be predicted.

The co-operation of Germany in an international bimetallic union may be sought with fair hopes of success whenever it becomes possible to include in such a union England and Russia, the former of which seems to cleave tenaciously to her gold monometallism, while the latter staggers under the evils of a depreciated and largely fluctuating paper money. The adhesion of England at least is certainly now, and would probably for an indefinite period be, regarded by Germany as a *sine qua non*.

I have, &c.,

GEO. H. PENDLETON.

No. 7.

Mr. Walker to the Assistant Secretary of State.

[Extract.]

UNITED STATES CONSULATE GENERAL,
Paris, France, March 6, 1885.

SIR: Have to-day sent a dispatch to the Department, through the legation, in substance as follows;

I am confidentially informed that to-morrow or Monday the following proposition will be presented to the French Chamber: The International Monetary Conference which sat at Paris in 1881, on the invitation of the United States and of France, having seen fit to adjourn in order to give place to diplomatic negotiations, by which an understanding might be brought about by and between the states interested, the Chamber recommends to the Government to pursue these negotiations, to the end that the conference may usefully, and at the earliest day, resume its meetings.

I received the foregoing text of the proposition to be submitted to the Chamber of Deputies, from Baron Soubeyran, a member of the Chamber, who is to present the proposition. Baron Soubeyran is the

president of the Banque d'Escompte de Paris, and has for many years taken a distinguished part in all monetary discussions. He was, under the Empire, a member of most of the commissions charged with a consideration of the monetary question, or a delegate to the congresses of the Latin Monetary Union. He informs me that a majority of the Chamber of Deputies is favorable to the proposition, and although not of the ministerial party, he expresses the opinion that the ministry will be favorable to it also. It is a circumstance of the highest importance to the future of the silver question, and to the attitude of the United States in relation to it, that this French renewal of the international discussion has not been undertaken at the instance of Germany, but, on the contrary, is wholly independent of the recent interpellation of Herr Kersdorff in the Reichstag, and was commenced in ignorance of it. It is, however, of no less importance to the probable success of the renewed movement, that there is, for the first time, indication that Germany is at last prepared to act on the monetary question, independently of England, and in concert with France. You are doubtless familiar with the drift and current of political discussions between these three countries, which, for the first time since the war of 1871, rendered a close alliance of France and Germany, in a matter of common interest to both nations, possible, independently of England. I have thought it important that these novel aspects of the monetary question, which have awakened so deep and just an interest in the United States, should be communicated to the Department without awaiting the slower action of the mail; have hence availed myself of the telegraph to place the Government in possession of the earliest information on this important subject.

I have been familiar with the monetary discussions and negotiations between the United States and Europe, and between the several European powers, ever since the silver question has come to be one of public and international importance, and I have never known a moment which seemed to me so auspicious for its happy solution as the present.

I learned (also from a private source) at the time of the introduction of Herr Kersdorff's disposition in the German chamber that a majority of that body favored the bimetallic treaty, and also that the chancellor, Prince Bismarck, had taken the question with serious and favorable consideration.

I have felt myself justified in giving special attention to this important question, not only because it touches most intimately the commercial interests with which I am charged, but also because I have been twice selected by our Government to act officially upon it in Europe, first in 1879, pursuant to official act of Congress and the designation of the President, and second in 1881, since my occupation of my present office, when I was charged by the Secretary of State with the determination of the question whether the French Government should be invited to co-operate with our own in convoking a new monetary conference, and, in case my opinion should be favorable to that step, with the duty, under special instructions from the minister of the United States at Paris, of conducting the preliminary negotiations with France. The conference of 1881 was the result of my decision and action under these instructions, and it is to that body that Germany and France are disposed now to appeal. * * *

I have, &c.,

GEORGE WALKER,
Consul-General.

No. 8.

Mr. Bayard to Mr. Walker.

[Telegram.]

DEPARTMENT OF STATE,
Washington, April 3, 1885.

Mr. Bayard instructs Mr. Walker to attend the silver conference soon to meet. The United States continues unabated its interest in the question of silver coinage, and Mr. Walker is directed to make known the readiness and desire of the American Government to enter into negotiations with other governments for the purpose of maintaining the monetary standard of silver in association with gold. He is informed that the Senate, on the 3d of March last, passed a resolution requesting such negotiations; and although the consideration of the resolution was prevented in the House of Representatives owing to the lateness of the session, yet views of the Executive are therein sufficiently represented to authorize the declaration that Mr. Walker is instructed to make.

No. 9.

*Mr. Bayard to Mr. Walker.*DEPARTMENT OF STATE,
Washington, May 29, 1885.

SIR: I have received your dispatch of the 8th instant, reporting the circumstances of the postponement of the Latin Union Conference at Paris until the 1st of July, and that the delegates of Belgium and France to that conference had been instructed to confer with you extra officially touching the questions to be considered.

The silver question continues to grow in interest, and I am pleased to learn of the disposition of the delegates from France and Belgium in the conference to discuss these questions with you personally.

In conformity with the desire of the Department heretofore expressed, and in pursuance of the facilities for consultation and comparison of views so afforded you, you will be so good as to attend the adjourned sessions of the Latin Union Conference and procure copies of its proceedings. Your expenses in the fulfillment of this task will be paid on presenting due statement of account therefor.

Your telegram of yesterday, received through Mr. McLane, has been answered, expressing the wish that for the present you confine your representation to open attendance on the conference and consultation with its members, in which service your experience and tact will doubtless be of great utility by supplying information upon which we may form an accurate judgment, and by publicly testifying the unabated interest this Government feels in the matter.

I am, &c.,

T. F. BAYARD.

Mr. Walker to Mr. Bayard.

UNITED STATES CONSULATE-GENERAL,
Paris, France, August 20, 1885.

SIR: The conference of the Latin Union closed its sittings on the 4th instant, having adjourned on that day to meet again on the 1st of October. I had no interview with the conference as a body, in consequence of the absorbing and inharmonious character of its deliberations upon the subjects which had caused the meeting to be convened; but, at the suggestion of the Italian delegation, I communicated to its members in writing the views and purposes of the Government of the United States, according to the instructions which I had received from you, as I shall, in a later part of this communication, more fully explain.

I have stated in my former dispatches on this subject that the object of the conference was to determine whether the treaty of the Latin Union should be terminated at the end of the present year, pursuant to notice to that effect given by Switzerland, or whether, and for what period, and upon what conditions, it should be renewed. The terms of "liquidation" were the great stumbling block, and they have as yet prevented any agreement being reached.

By the original treaty of 1865 no provision was made for the redemption of the coins emitted by each of the contracting powers, and which were to be freely received into all their public treasuries. The reason for the omission is obvious, and it presents, in a nutshell, the singular vicissitudes which have marked the history of the precious metals during the last thirty years.

In 1865 Europe was suffering from a drain of silver to the East, principally to India, to pay for cotton, the production of which had been greatly stimulated by the loss of the American supply during the civil war. The sudden growth of this industry in India, and of other industries sympathizing with it, demanded a large increase of the silver circulation, which could only be obtained by taking it from the European stock. A drain of silver from France and other continental countries ensued, which threatened to exhaust the supply of coinage of the then favored metal. This drain was especially felt in the smaller divisional coinage, the currency of the people, and of retail trade.

The treaty of 1865 between France, Italy, Belgium, and Switzerland—thenceforth known as the "Latin Union"—accordingly provided that the 5-franc pieces of each of the allies, being the only full valued silver coins, should be received into the public treasuries of all of them, and should be a legal tender in their respective countries. At the same time each of those nations reduced the fineness of their smaller silver coins so as to prevent the export of them to the East. No provision was, however, made for liquidating the treaty at the end of its term by the redemption by each of the allies of the silver coins of its own creation. The omission is due to the fact that no one then contemplated the possibility that silver would come to be depreciated as compared with gold—the metal which had so lately, from the placers of California and Australia, flooded the currencies of the world, and which, in Europe, had fallen into serious disrepute.

It is unnecessary for me to repeat, at length, the familiar history which records the change of sentiment by which gold came to be the favored metal and the steps by which silver has become degraded in public favor. But a brief summary of the events which led to these results may be

useful in explaining the embarrassments which the late conference had to encounter.

In 1873 the newly established German Empire resolved to substitute gold for silver in its monetary system. The five milliards of francs paid to Germany by France, as a war indemnity, and paid in gold, made this change of system possible, which otherwise would have been impossible. The Latin Union took the alarm, and at first limited and ultimately stopped the coinage of silver. Germany, after sustaining heavy losses in the sale of thalers, and acting as a constantly disturbing force in the London and Continental money markets, ceased to sell silver, and the thaler coinage still remains in circulation.

In January, 1879, the United States resumed specie payments, and were followed, a few years afterwards, by Italy, which had suspended such payments in May, 1866. Up to the end of 1884 the United States had coined, since resuming specie payments, \$550,000,000 in gold, being \$150,000,000 more than the total production of her gold mines during that period. I have not the data from which to state the more recent absorption of gold by Italy, but I may state, in general terms, that specie payments were resumed in that country by means of a gold loan, contracted in London; better terms, which could have been obtained in Paris, being rejected, because, under the currency laws of France, the subscriptions might have been paid in silver.

In the mean time the use of gold in the arts has been greatly augmented, the last report of the Director of the United States Mint showing that half the present American product is now thus absorbed in our country alone. The gold product of the world has, at the same time, seriously declined, and is steadily declining. The consequence of these new conditions has been that for the last seven years the coinage of gold in Europe has been practically suspended, and it is now generally admitted that gold has risen in value throughout the world, not only as measured in silver, but as compared with all commodities which it is the function of money to measure and exchange. Trade and agriculture have taken the alarm, and, for the first time, they are making a serious and determined protest, not only on the continent of Europe, but even in England, against the continued slavery to economic opinion, which has stubbornly resisted facts patent to the rest of the world in obedience to a falsely applied scientific theory.

I have deemed this rapid sketch of the monetary situation important, because all the difficulties of liquidating the treaty of the Latin Union, and of facing the results which must follow its dissolution, hinge upon the changed relations to each other, of gold and silver, in the money of the world.

The precise obstacle which stood in the way of the harmonious action of the late monetary conference, and the extension of the period of the alliance, was the refusal by the Belgian delegates to agree that Belgium should redeem her 5-franc pieces in gold whenever the union should be finally dissolved. France, Italy, and Switzerland were willing to enter into such a convention. The Belgian delegates, however, insisted that, as the coins of their country had been struck at the public mint, for the account of individuals, the Government was in no manner bound to maintain the intrinsic value of the silver in these coins by redeeming them when depreciated. It was, on the other side, maintained that from the time when, by the action of the Latin Union silver coinage ceased to be free among the allied powers, and while coins were struck only by the several Governments for the public account, in limited quantity, and out of a depreciated metal, a moral responsibility, at

least, devolved upon the coining nations to entail no loss upon their allies by such continued coinage.

Neither party to this contention has been willing to yield its opinion. The Belgian Government is understood to sustain its delegates, and France and the allies have, thus far, refused to renew the treaty without a condition of liquidation, such as I have thus described. The press of Paris and leading bankers and economists in Belgium are now urging the importance of renewing the treaty, and are pointing out the dangers which must inevitably be met in the event of its dissolution. It is hoped, in both countries, that some "*modus vivendi*" may be arrived at before the October meeting.

As the "*procès verbaux*" of the conference have not yet been made public, I am unable, at present, to give a more detailed account of its deliberations. I have reason, however, to believe that a large part of the discussions were not of a character to interest or instruct the Government or people of the United States, and that the summary which I have already given sufficiently expresses their general purport. As soon as the official report is published I shall hasten to lay it before you in a subsequent dispatch.

I have been unofficially informed by delegates that two important measures had been under consideration, and were likely to be adopted, if the treaty of union is renewed. One of them gives to each of the allies liberty to withdraw from the union without consent of its associates, their unanimous consent being now necessary. The other contemplates the establishment, at Paris, of a central bureau, or organ of the union, by which information bearing on the monetary question and situation may be constantly received and disseminated. It is obvious that both these messages would be advantageous to the cause of an international bimetallic treaty.

To return to my own relations to the conference, I beg to recall to your mind that, as the result of diplomatic communications passing between the Government at Washington and the Italian and Belgian Cabinets, permission was accorded to the delegates of Italy and Belgium to confer with me in an officious manner upon the monetary question at the time of the meeting of the conference at Paris. I annex to this dispatch the communications made to me on that subject. The minister of the United States at Paris also presented me to the French minister of finance, explaining to him the nature of the instructions with which I was charged. I received from Mr. Sadi Cagnot a very courteous response to this introduction, in which he expresses satisfaction that I had been charged by the Government of the United States to take part in the labors of the conference. I annex, also, translations of this correspondence.

As I subsequently took occasion to state in the observations submitted by me to the conference, these approaches on the part of our Government found their justification in the wish which had been expressed by Italy, when asking for a postponement of the conference in January, to inform itself concerning the intentions of the United States on the subject of coining silver. The French minister of finance, in the debate on the silver question, which took place in the chambers in March last, on the interpellation of M. De Soubeyran, also expressed the hope that the discussions of the conference would be extended to a consideration of the international rehabilitation of silver.

On the day on which the conference had its first meeting I had an interview with the French finance minister, in which it was arranged that I should first address myself to the Italian delegates, with whom I

was personally acquainted, all of them having been delegates to the International Monetary Conference of 1881, and that they should submit to the conference the question whether and in what manner I should be received by that body. I accordingly waited upon Mr. Luzzatti and his associates, and both at that interview and subsequently had some general conversation with them upon the monetary situation. They advised that I should put into print the observations which I proposed to submit to the conference, in order to a more careful consideration of them. I complied with this suggestion, and as soon as possible furnished copies of the observations to the Italian delegates. Mr. Luzzatti, chairman of the delegation, afterwards conferred informally with members of the conference as to my being received but was met with the objection that the delegates had no power to act outside of the terms of their mandate, and that in the pressure of the difficult domestic questions which they had to settle, the conference could not, at that time, occupy itself with a more general discussion of the monetary situation. Much as I regretted this answer, I could not, as matters then stood, have expected a more favorable one. As I had already furnished copies of the observations to the Italian delegates at their request, I thought it my duty to place them also in the hands of all the other members of the conference, which I did in a letter addressed to the president of the conference, Mr. Duclerc. I annex a copy of this letter, with Mr. Duclerc's reply and my acknowledgment. I also transmit herewith copies of the observations in French and English. After the close of the conference, on the 5th instant, I received from Mr. Luzzatti, on behalf of the Italian delegation, a letter acknowledging receipt of the observations, and promising to lay them before his Government. I annex a copy of this letter, with my acknowledgment of it, in which I express the hope that leisure may be afforded for more extended conversation between myself and the delegates to the conference at the time of the adjourned meeting in October.

It will be observed that in this paper I have aimed to avoid all academic discussion of the silver question, and have confined myself to a simple reference, first, to the dangerous position in which the United States finds itself as the sole coiner of silver among commercial nations, and, secondly, to the paralysis which has fallen upon the commerce of the world by the concurrent scarcity of gold and degradation of silver.

Before entering upon these general considerations, however, I felt it my duty to meet and refute the constantly repeated charge that the efforts of the United States to promote a bimetallic treaty with Europe grow out of the fact that we are producers and sellers of silver. This charge has been very persistently urged by those opposing a treaty, and it has seriously interfered with our efforts in that direction. I was able to make this explanation, which I felt to be called for, the more clearly and unanswerably by reason of the part which I had personally taken in the silver discussion in America, from its beginning, and more particularly because of the missions with which I had been charged by our Government in Europe having in view an international monetary treaty. I was strongly urged to make these explanations by several of our most competent bimetallic allies in Europe, and I have their assurances that the explanations now given by me are a complete and satisfactory answer to the charge of interested and covert motives.

It is not necessary for me to repeat, in this dispatch, any part of the argument presented in the observations, which I hope will meet your approval. I need only now recur to certain features of the European

situation which would seem to make the monetary question easier of solution than it has heretofore proved to be.

The parliamentary inquiry in England, which has just been initiated by the appointment of a royal commission, distinctly recognizes that the discord at present existing between the precious metals is one of the alleged causes of industrial and commercial distress. The appointment of Mr. Gibbs, one of the ablest English defenders of the bimetallic system, and of Sir Louis Mallet, who with Lord Reay (now governor of Bombay) represented the Indian office in the international conference of 1881 to lead the inquiry on this subject, gives assurance that the investigation will be intelligent and thorough, and that all the facts which are believed to establish the impossibility of conducting the commerce of the world on a gold basis will be brought out in their true relations.

The chambers of commerce of Manchester, Birmingham, Liverpool, and Glasgow, four of the largest towns in the United Kingdom, have adopted resolutions, calling on their members in Parliament to support this branch of the general investigation; and it is very clearly indicated in the debates of the meetings at which these resolutions were passed, that an intelligent majority in those great commercial centers has reached the conclusion that the silver question is largely responsible for the existing distress, and I think I am justified in saying that they believe that bimetallism, to be established by international treaty, is the only sufficient monetary remedy.

But the ultimate solution of the monetary question must, in all countries, rest with the legislative bodies, because money is the creation of law, and it must always be borne in mind that the Parliament of Great Britain is a very conservative body, and that it is now strongly prejudiced in favor of the gold standard. The Liberal party, under the recent extension of the suffrage, is likely to have an increased majority in the new House of Commons, and it unfortunately happens that in England free trade and a gold currency are popularly believed to be indissolubly linked together. But all great commercial reforms in England have begun by popular agitation, and have been forced upon Parliament by the great commercial cities; and if the inquiry about to be instituted should clearly show that the rehabilitation of silver throughout the world, and its admission to full monetary functions in Great Britain are necessary to restore prosperity to the trade of Manchester, Birmingham, Liverpool, and Glasgow, it is hardly possible that so enlightened a body as the British Parliament will refuse to listen to their demand. It is a still more hopeful sign of progress in England that doubts as to the divine origin of the currency law of 1816 have begun to assail the learned universities, and it is not impossible that from a professor's chair at Cambridge a new monetary doctrine may be enunciated, and shown to be not inconsistent with the national policy of free trade.

With the adhesion of Great Britain, the adoption of international bimetallism would be very simple. Without that adhesion it would be equally practicable, safe, and effective if the system were accepted by Germany. Of this there is much reason to hope, inasmuch as the prevailing sentiment of that country is unmistakably in favor of the restoration of silver to full monetary functions. In Germany the learned body has taken the lead in this direction, and it has been followed by all the industrial classes, agricultural and manufacturing, and by the leading commercial houses in Hamburg and elsewhere. It is also as-

serted that a majority of the national parliament has reached a similar conviction, and may, at an early day, be persuaded to act.

I beg to reiterate the opinion which I have expressed in former dispatches, that nothing will so much hasten the adoption in Europe of the monetary policy which we desire to have adopted as the suspension of silver coinage in the United States. Deprived of this artificial support, silver would rapidly find the level to which the recent monetary legislation and action of this continent has doomed it; and those who have promoted that legislation and action, as well as those who suffer from it, would thus be brought face to face with its legitimate consequences. I need only to refer, in support of this opinion, to the declaration of Mr. Goschen, recently made to the Chamber of Commerce of Manchester, "that there was no hope of improvement in the commercial situation until it was known what the United States will do with the Bland bill."

Continued coinage under that law, as well as any other monetary use of silver in the United States which tends to uphold its price in the market of the world, will have the effect to postpone a final and satisfactory settlement of the monetary question, and thus to deepen the gangrene which, in all countries, is eating into the vitals of production, industry, and trade.

I have, &c.,

GEORGE WALKER,
Consul-General.

OBSERVATIONS ADDRESSED BY MR. WALKER, CONSUL-GENERAL OF THE UNITED STATES, AT PARIS, TO THE DELEGATES OF THE LATIN MONETARY UNION ASSEMBLED IN CONFERENCE AT PARIS, JULY 20, 1885.

MR. MINISTER AND GENTLEMEN: I come before you in conformity with the instructions of my Government, and with the assent of most of the powers represented in this conference. I am here for the purpose of explaining to you, briefly, the present attitude of the United States on the monetary question, as well as the policy which the President and his Cabinet intend to pursue in respect to it.

The President is of the opinion that, under the circumstances existing at the present moment, it might be useful to make known, beforehand, the views and purposes of the new Government of the United States, in respect to a question which bears so closely upon the well-being both of the Old and of the New World. He addresses himself the more willingly to the distinguished body before which I have the honor to speak, because one of the Governments interested, in asking for an adjournment of the conference in the month of January, expressed a wish to inform itself concerning the intentions of the United States on the subject of coining silver. The French minister of finance, in replying to the interpellation of Mr. de Soubeyran, on the 7th of March, also declared that he should be glad to see the discussions of the conference extended to a consideration of the international rehabilitation of silver.

I am instructed to say to you that the policy of the new American Government, in respect to the continuance of silver coinage, does not differ from that of its predecessors. The newly-elected President, Mr. Cleveland, on the 24th of February last, in reply to a letter addressed to him by certain members of the House of Representatives, before his assumption of office, declared his opinions very frankly on the silver question, and showed himself to be in perfect accord with the Presidents who have preceded him, on the essential question now under discussion in the United States—namely, the continuance of silver coinage under the Bland bill. He did not hesitate to avow that it was, in his opinion, the duty of Congress to suspend further coinage. He declared that a disastrous crisis was close at hand in which gold is likely to disappear from circulation and when we shall be reduced to silver alone; that under the operation of the silver coinage law, the flow of gold into the Federal treasury had been steadily diminished, and that silver and silver certificates had displaced, and were then displacing, gold in the Treasury, and that the sum of gold available for the payment of the gold obligations of the United States, and for the redemption of the circulating notes called "greenbacks," if not already encroached upon, was perilously near such an encroachment.

These being the facts of our present condition, our danger, and our duty to avert the danger seemed to the President to be plain. To maintain and to continue in use

the mass of our gold coin is possible by a present suspension of the purchase and coinage of silver, and the President affirmed that he was not aware that by any other method it is possible.

If this state of things were not arrested, he predicted a prolonged and disastrous crisis, which would involve every industry in the country, and would bear most heavily of all on the laboring classes.

In the closing days of an administration, and of a chamber whose mandate terminated on the 4th of March, it was not possible to secure the desired suspension of silver coinage; but the Senate of the United States on the last day of its late session, and too late to receive the concurrence of the House of Representatives, passed the following resolution:

"That the President of the United States is hereby requested to enter into negotiations with the states of the Latin Union, and such other foreign powers as he shall deem advisable, with the purpose of securing such treaties with them as shall bind the nations agreeing thereto to open their respective mints to the free coinage of silver, with full legal-tender power, at such uniform ratio to gold as shall be agreed upon."

The frank and forcible declarations of the new President explain the whole monetary question, as it now presents itself to the eyes of a large part of my American countrymen. In the presence of a situation so threatening, you cannot doubt that the American Government will do its utmost to be extricated from it. If we are obliged to act alone, there is no other way open to us for averting the danger than by suspending silver coinage.

I am authorized to say to you, on behalf of our Government, that it will use its utmost endeavors to prevent the shifting upon our shoulders of the whole burden of depreciated silver. The sentiments of the new Congress, which is to convene in the month of December next, as well as those of the country, which are daily growing more emphatic, encourage us in the hope that before the end of the current year we shall be able to extricate ourselves from the state of isolation in which we now stand. When our situation shall be thus assimilated to that of Europe, the field of discussion will be also simplified. The latest advices from New York indicate that the President's fears are being fast realized, and that the depletion of gold in the public Treasury has obliged the banks to tender to the Government a portion of their reserves, in order to tide over the difficulty till Congress meets in December, and the New York Clearing House has adopted resolutions in that sense.

It is for you to judge how this state of things in America bears upon the silver question in Europe.

But before adverting to the particular circumstances which seem to us, more than ever heretofore, to make it necessary to arrive at a solution of this difficult question by international agreement, I must say something in answer to a charge which has always been brought against the United States. The partisans of the single gold standard have always accused us of coming to Europe as vendors of silver, and have asserted that the owners of silver mines have always inspired our advocacy of the bi-metallic system.

This charge was made formally by a delegate at the last international conference in 1881, and it has been repeated in so many forms and so many quarters that it seems necessary, at this moment, to explain our true relation to the two past conferences.

The conference of 1878 was called on the sole invitation of the United States; the second conference, that of 1881, on the joint invitation of France and the United States.

The history of these two invitations is as follows:

The invoking of an international conference was imposed as a condition of the Bland bill by the Senate of the United States. The Bland bill was introduced into the House of Representatives under the influence, not of the owners of silver mines, who were neither numerous nor influential in the country, but of the *inflationists*—the advocates of inconvertible paper money—who having been defeated in their policy by the resumption of specie payments which was to take place on the 1st of January, 1879, sought in the free coinage of silver, a *parachute* for the fall of prices, imposed upon the debtor class, by the return to coin values.

The Bland bill, as it passed the House of Representatives, provided for the unlimited coinage of silver of full legal-tender capacity. The Senate opposed the free coinage, and consented to the limited coinage (\$2,000,000 in bullion per month) only as a provisional measure, and as a concession to the *inflationists*, and that only on the condition that Europe should be invited to join us in restoring silver to free coinage at a fixed relation with gold. I am able to make this explanation very exactly, because I myself, by request of the Senate committee, drew up the conference clause as it now stands in the law; I was at that time much occupied with banking and currency questions, and had opposed in a New York newspaper all silver coinage without a previous international agreement. The *inflationists*, with whom Mr. Jones, Senator

for Nevada and a wealthy silver mine owner, sympathized and acted on this question, opposed both the limited coinage and the conference. They did the same, also, in the report of the silver commission, of which Mr. Jones was chairman. I am indebted to the Senator who reported the bill and secured its passage for these details.

The conference of 1878 was convoked *in spite* of the owners of American silver mines, and not by their influence. They were equally without influence in the joint invitation of the United States and France, in 1881. The history of this latter meeting is as follows:

After the failure of the first conference the Government of the United States approached the European powers confidentially on the silver question. I was charged by the President with the execution of this mission. During the summer and autumn of 1879 I visited London, Paris, and Berlin, and conferred semi-officially ("officiusement") with the ministers of those countries. Without betraying the confidences of such a mission, I may be permitted to say that the reception which was everywhere extended to me was not unfavorable to its object. On my return to the United States, at the end of 1879, I made a report of my mission. This was on the eve of the Presidential election of 1880, which resulted in the choice of President Garfield, in November of that year. I had then entered upon my duties as consul-general of the United States at Paris. Immediately after the election of President Garfield I received from a French statesman, then occupying a high public position, a personal suggestion for the renewal of the negotiations which I had conducted the year before. I acquiesced in this suggestion, and opened correspondence on the subject, not only with the American Government then in power, but also with Mr. Garfield himself. In pursuance of these overtures I was instructed to act officially with the French Government, and the joint invitation by the two governments resulted from that intervention. In all these negotiations the owners of American silver mines had not the slightest part or influence. The initiative of the last conference was French and not American.

I trust that these necessary explanations will set at rest the suspicion that the United States appears in Europe in the attitude of a seller of silver. We have, it is true, valuable silver mines on our continent, and the product of those mines was, in 1884, about \$48,000,000; but we also produced \$30,000,000 of gold, and either of these sums is of trivial importance compared with the volume of our other productions and industries. Mr. Howe, one of the American delegates to the conference of 1881, justly asserted that we are a nation of farmers and not of miners; he gave the figures of our agricultural products, showing that this production alone then amounted to \$2,240,000,000, or more than forty-six times the value of our silver product; and it has since largely increased. If you add the other mineral products, iron, coal, lead, copper, and petroleum, and the products of industry, you will see what a very inconsiderable place silver holds in the aggregate annual production of our country.

It cannot, for one moment, be supposed that this inconsiderable industry will be permitted to control the destinies of other interests immeasurably greater. These productions of all classes lead also to a vast domestic and foreign commerce, which is operated only by money, or values expressed in money. Can you suppose that we should be guilty of the folly of sacrificing the vast commerce of our country to our inconsiderable silver-mining industry? We cannot alone determine what the money of the world shall be; it is for that reason that we ask you to agree with us in determining so important a question. Representing a continent and 55,000,000 of people, the request is not unreasonable. Whatever decision Europe may come to, the United States can abide by it with less anxiety than any other country, for we are producers of gold as well as silver.

If the complete demonetization of silver should be decreed, this decision will add largely to the \$550,000,000 of coined gold which we now have, as against about half that amount of silver, and would, in like degree, increase the value of our annual gold product. During the last seven years the mints of Europe have coined scarcely any gold. The United States has coined, during the same period, \$332,000,000, being \$150,000,000 more than her total production, which sum she has drawn from the European stock, while you have received nothing from our production.

But the important fact, as regards the future of the gold currency, is that Europe is now drawing no gold from the American mines, while America has always a considerable sum of her own production with which to aliment her circulation. Nor can you draw any gold from America so long as the balance of foreign trade is, and is likely to remain, in our favor. In point of fact we, in the United States, consume nine-tenths of all that we produce, while Europe depends on us for the produce of our wheat fields, of our cotton fields, of our petroleum wells, and of our animal food in amounts which seem likely to assure to us a favorable balance in future. So long as that balance remains you will continue to send gold to us, as you have done in the last seven years, and the "famine of gold," which has for some time existed, must be seriously accentuated. Is there any doubt that this famine exists? The best statistical authorities in Europe seem to agree that it does exist. The evidence on the

subject is resumed, in a most convincing manner, by Professor de Lavelaye, in an article published in the *Journal des Economistes* in March last, and by M. Allard, director of the Belgian mint, in his late exhaustive work on the crisis. But it is in England more than anywhere else—the only great commercial country having a single gold standard—that the state of gold supply and its future prospects are regarded with the closest and most anxious scrutiny.

More than ten years ago the London Economist pointed out the declining product of the mines, and the struggle for gold which the German coinage law of 1873 had established between London and Berlin. It stated the remarkable fact that, for a considerable period, every change in the rate of interest made by the Bank of England had been followed by the German Imperial Bank, and it predicted the very troubles which have since arisen. Two English economists of exceptional authority have each repeated and emphasized, within a few weeks, opinions heretofore expressed by them on the scarcity of gold and its effect on prices (Mr. Goschen and Mr. Giffen). Mr. Goschen, in his address before the London Institute of Bankers, in April, 1884, called attention to the declining production of gold, and to the exceptional demands made upon it, within the last few years, by the adoption of a gold currency in Germany and the resumption of specie payments in the United States and Italy. He also noted that a sum of not less than ten millions sterling was annually absorbed by the arts and industry. Such demands, he said, could not fail to be followed by a general decline of prices, and such, he affirmed, was the general opinion of economists on the subject.

Mr. Giffen, who spoke at the same meeting, and who, as head of the statistical department of the Board of Trade, enjoys exceptional opportunities for the study of prices, stated as his conclusion that "the pound sterling had risen in a permanent manner," which is only another mode of expressing the fact that gold has grown scarcer and dearer.

In the month of June last M. Goschen addressed the Chamber of Commerce of Manchester, on the causes of the present depression, and gave it as his opinion that the existing insecurity in trade with silver-using countries was due to the ostracism of silver, and that the situation was likely to grow worse; that there was no hope of improvement *until it was known what the United States will do with the Bland bill*. He dissented wholly from the doctrine that England had no interest in the silver question because it is a creditor country, receiving its payments in gold, and affirmed that there is an enormous interest in the trade of England with silver-using countries. In conclusion, he hoped that the "silver question will be fairly kept in view by those responsible for our Indian Empire; it is a question of the deepest interest."

Mr. Giffen, also, in the June number of the Contemporary Review, reaffirms the opinion expressed by him a year ago, that the general fall of prices is attributable to the scarcity of gold. He shows that substantially the entire gold product of the last thirteen years has been applied to exceptional uses, leaving nothing to aliment the currencies of those countries which, like England and France, have always used it as money. The exact statistics of gold coinage, which go to support Mr. Giffen's assertion, are to be found in Professor de Laveleye's article already referred to. Mr. Giffen cites the course of the money market, and the existence of constantly recurring stringencies and crises, as further evidence of the rarity of gold.

A professor of political economy at the University of Cambridge has, also, recently said in a private letter to an American colleague, "I am increasingly convinced of the importance of the standard of value question in relation to the prolonged and, I fear, increasing depression."

I regret that my acquaintance with the literature of Germany on the monetary question is not sufficiently exact to enable me to cite the opinion of German writers as I have done those of England and of Belgium. But it is undoubtedly true that the monetary question has been more generally discussed, and is better popularly understood, in Germany than in any other country, and that the great predominance of opinion, not only among economists, but also among producers of all classes, agricultural and manufacturing, and among public men, is in favor of the establishment of the bimetallic system. It might appear from the recent vote of the Reichstag, declining to instruct the Government to renew international monetary negotiations, that such is not the case; but it is well known that the vote of the chamber was due to party and not to economical considerations, and there is every reason to hope that legislative action favorable to bimetalism will be taken in Germany at an early day.*

In presence of the gentlemen of academic rank, who are here as delegates, either of whom is more competent than I am to discuss this question from the scientific side, I have avoided all discussion of an academic character. To our minds the silver question is eminently a practical one, drawing its deductions from well-established facts in the domain of production, industry, and commerce. But there is such a remark-

* The London Times states that Mr. Henry Hucks Gibbs, formerly governor of the Bank of England, and one of the most influential of English bimetalists, is said to have recently had an interview with Prince Bismarck for the discussion of this subject.

able identity between the functions and effects of a monetary circulation and those of all the other social circulations, transportation of all kinds, the postal service, the telegraph, &c.—that I crave your indulgence in citing a few kindred examples.

The French delegates will all remember how the entire circulation and all the services of Paris were arrested by the great snowfall of 1878.

In the United States we were also witness to an entire stoppage of the business operations of the country by the telegraph strike of 1869. The Stock Exchange of New York came near to closing its doors from inability to communicate with distant cities.

If you were to-day to destroy the Atlantic cables you would not only close the Cotton Exchange of New York, but also the produce exchanges of that city and of Chicago, for all of these depend on foreign quotations for the means of doing business.

In an opposite sense, I beg to remind you of what happened in India at the time of the civil war in the United States. The exports of silver to Bombay to pay for Indian cotton not only gave birth to your Latin Union, and caused Europe to lower the fineness of her divisional silver coins, but they also enormously developed the general production and industry of India.

Dr. Lees, in his excellent essay on the export of silver to India, and its employment there at that moment, has very fully explained the facts and the effect of them as above stated.

I am fully aware that the United States has no need to advocate an international treaty with the powers composing the Latin Union, but it may be well for the United States and those powers to confer together as to the best mode of restoring and extending a system which is common to both of us, and which we believe to be essential to the prosperity, not only of our own nations, but of all the world. Obviously the extension of the bimetallic system is to be sought for in Germany and England. With the help of either country, we believe it could be made impregnable, and that there would be no further depression of silver, appreciation of gold, or commercial crises resulting from the present divorce of the two metals. But every argument and every influence should be used, with both England and Germany, to strengthen the hands of those who now agree with us in those countries, and to enlighten and persuade those who do not agree with us. An important opportunity to study and expose the facts which bear on the question is promised by the newly established government of Lord Salisbury in the formation of a royal commission on the depression of trade. The best results may be looked for from the investigations of such a parliamentary body. All the great reforms of commercial legislation in England have been initiated by such commissions. May we not hope that Mr. Goschen, the accomplished chairman of the Silver Commission of 1876, will be chosen to preside over that about to be appointed?

Mr. Stephen Williamson, M.P. for Fifehire, and a merchant of Liverpool, strongly attached to the adoption of the bimetallic system, has addressed a letter to the chancellor of the exchequer urging that the royal commission should be instructed to inquire into the alleged connection between the low price of silver and the present unprofitableness of commerce.

The German Chambers may fairly be expected to resume the discussion of silver at an early date, and if they should find the future value of silver likely to be severely menaced, on the one side, by the suspension of coinage in the United States, or on the other hand, likely to be permanently restored to full monetary functions by the action of Great Britain, there would seem to be little doubt that the coinage policy of 1873 would be definitely reversed.

Another factor in the situation, which should not be overlooked, is the probable action of Austria; when the time comes for resuming specie payments in the Austro-Hungarian Empire. If an attempt should be made to resume on a gold basis, it could only be accomplished by a gold loan after the example of Italy. Can Europe bear the strain of a new and larger demand for participation in the common stock of gold, already painfully inadequate to its present uses; to recall the *mot* of Prince Bismarck, "can the bed-spread, already too narrow, be made to cover other shivering nations"? On the other hand, the restoration of silver would immensely relieve the Austrian finances, now burdened with the necessity of payments of its gold *rente* and of gold interest on railway obligations. Is not the interest of Austria likely to prove an additional motive to bring to the bimetallic system the adhesion of Germany, whose people are supposed to be largely interested in Austrian finances?

These, gentlemen, are the practical questions which concern our common situation, and which the United States would be glad to discuss with you, in such manner, and on such occasions, as may be most agreeable to the Governments represented in this conference.

NOTE.—Since the French original of the above paper was printed, I have learned that the resumption of specie payments in Austria is now under consideration by an imperial commission, and that the difficulty of resuming in gold has made a serious impression on that body.

No. 11.

Monetary Convention of 6th of November, 1885.

ARTICLE I.

France, Greece, Italy, and Switzerland remain constituted a union in respect to the fineness, weight, diameter, and currency of their specie coined of gold and of silver.

ARTICLE II.

The types of gold coins bearing the impress of the high contracting parties are those of the 100-franc, 50-franc, 20-franc, 10-franc, and 5-franc pieces, fixed in respect to fineness, weight, tolerance, and diameter, as follows:

Denominations.	Fineness.		Weight.		Diameter.
	Legal stand-ard.	Tolerance above and below.	Legal stand-ard.	Tolerance above and below.	
	Thousandths.	Thousandths.	Grams.	Thousandths.	Thousandths.
Gold:					
100 francs	900	1	32, 258. 06	1	35
50 francs			16, 129. 03		28
20 francs			6, 451. 61	2	21
10 francs			3, 225. 80		19
5 francs			1, 612. 90	3	17

The contracting Governments shall receive, without distinction, at their public treasuries, gold pieces coined in accordance with the foregoing conditions by either of the four states; they may, however, reject coins reduced in weight by abrasion one-half of one per cent. below the above-mentioned tolerances or with inscriptions effaced.

ARTICLE III.

The type of silver 5-franc pieces bearing the impress of the high contracting parties, is fixed in respect to fineness, weight, tolerance, and diameter, as follows:

Fineness.		Weight.		Diameter.
Legal stand-ard.	Tolerance above and below.	Legal stand-ard.	Tolerance above and below.	
Thousandths. 900	Thousandths. 2	Grams. 25	Thousandths. 3	Millimeters. 37

The contracting Governments will receive reciprocally at their public treasuries the said silver 5-franc pieces.

Each of the contracting states is pledged to redeem from the public treasuries of the other states silver 5-franc pieces reduced in weight by abrasion 1 per cent. below the legal tolerance, provided that they have not been fraudulently deteriorated or the stamp effaced.

In France, silver 5-franc pieces will be received at the counters of the Bank of France, for account of the treasury, conformably to the letters exchanged between the French Government and the Bank of France under date of October 31 and November 2, 1885, and appended to the present convention.

This engagement is assumed for the duration of the convention, as fixed by paragraph 1 of Article XIII, and without the bank being bound beyond that time under the tacit extension provided for in paragraph 2 of the same article.

In case the arrangements concerning the legal currency of silver 5-franc pieces coined by the other states of the union shall be set aside, whether by Greece, or by Italy, or by Switzerland, during the term of the engagement assumed by the Bank of France, the power or the powers that shall have superseded those arrangements engage that their banks of issue shall receive the silver 5-franc pieces of the other states of the union on precisely the same terms as those under which they receive silver 5-franc pieces struck with the national effigy.

Two months before the expiration of the period assigned for the denunciation of the convention it shall be the duty of the French Government to inform the states of the union whether the Bank of France intends to continue or to conclude the engagement herein set forth. In default of such information, the engagement of the Bank of France will be subject to the provisions of the tacit extension clause.

ARTICLE IV.

The high contracting parties agree not to coin any silver 2-franc, 1-franc, 50 centime or 20-centime pieces, save on the following terms as regards fineness, weight, tolerance, and diameter :

Pieces.	Fineness.		Weight.		Diameter.
	Legal stand- ard.	Tolerance above and below.	Standard weight.	Tolerance above and below.	
<i>Franc. c.</i>	<i>Thousandths.</i>	<i>Thousandths.</i>	<i>Grams.</i>	<i>Thousandths.</i>	<i>Millimeters.</i>
2	} 835	} 3	10	} 5 {	27
1			5		23
0. 50			2. 50		18
0. 20			1		16

These pieces shall be recoined by the Governments that issued them whenever reduced by abrasion 5 per cent. below the tolerances indicated above, or whenever their inscriptions shall have been effaced.

ARTICLE V.

Silver pieces coined according to the provisions of Article IV shall be a legal tender between individuals in the state which issued them to an amount not exceeding 50 francs at one payment. The state which put them in circulation shall receive them from its subjects or citizens without limitation as to amount.

ARTICLE VI.

The public financial offices of each of the four states shall accept silver money coined by one or more of the other contracting states, in

accordance with Article IV, to an amount not exceeding 100 francs at each payment made at the said offices.

ARTICLE VII.

Each of the contracting Governments agrees to redeem from private parties or from the financial offices of the other states the small silver coins issued by it, and to give in exchange therefor a like amount of current money in gold or silver pieces, coined as provided by Articles II and III, on condition that the sum presented for exchange be not less than 100 francs. This obligation shall be extended for one year from the expiration of this convention.

ARTICLE VIII.

The coinage of gold pieces under the conditions specified in Article II, excepting that of 5-franc gold pieces, which remains provisionally suspended, is free for each of the contracting states.

The coinage of silver 5-franc pieces is provisionally suspended. It shall not be resumed until a unanimous agreement shall have been concluded on this subject between all the contracting states.

Nevertheless, if any states should wish to resume the free coinage of silver 5-franc pieces, it can do so on condition of its exchanging or redeeming throughout the continuance of the present convention, in gold and at sight, for the other contracting states, on demand, silver 5 franc pieces coined with its effigy and circulating in their territory. The other states, moreover, are free in that case not to receive any longer the money of the state resuming the coinage of the said pieces.

A state desiring to resume such coinage shall, before doing so, take steps for the convening of a conference with its associates for the purpose of regulating the conditions of such renewal; the privilege mentioned in the foregoing paragraph shall not, however, be dependent upon the conclusion of an agreement, and the terms of exchange and redemption stipulated in the same paragraph shall not be modified.

In default of an understanding, and while retaining the benefit of the foregoing stipulations as regards any state resuming the free coinage of silver 5-franc pieces, Switzerland reserves the power of withdrawing from the Union before the expiration of the present convention. This power shall, however, be subject to the double condition: (1) That for four years from the taking effect of this convention Article XIV and the appended arrangement shall not be applicable to those states that have not resumed the free coinage of silver 5-franc pieces; (2) that the silver coins of the said states shall continue during the same period to circulate in Switzerland, in pursuance of the stipulations of this convention; Switzerland, for its part, agreeing not to resume, during the same period of four years, the free coinage of silver 5-franc pieces.

The Swiss Federal Government is authorized to proceed with the re-coinage of old issues of Swiss silver 5-franc pieces to the amount of 10,000,000 of francs, but at its own charge effecting the withdrawal of the old coins.

ARTICLE IX.

The high contracting parties shall not issue silver 2-franc, 1-franc, 50 centime, and 20-centime pieces coined in pursuance of Article IV, save to an amount not exceeding 6 francs per capita, regard being had

to the latest census taken in each state, and to the normal increase of population. This amount is fixed as follows:

	Francs.
For France, Algeria, and the colonies	256,000,000
For Greece	15,000,000
For Italy	182,400,000
For Switzerland	19,000,000

The sums already issued by the contracting states shall be considered as forming part of the above amounts.

The Italian Government is authorized, by way of exception, to coin the sum of twenty millions in silver fractional pieces, this sum being designed to secure the substitution of pieces coined in pursuance of Article IV of this convention for those previously in use.

The Swiss Federal Government is authorized, by way of exception, in view of the needs of the population, to coin the sum of six millions in fractional silver pieces.

The French Government is likewise authorized, by way of exception, to go on with the recoinage to an amount not exceeding 8,000,000 francs, in silver fractional pieces, of the pontifical money heretofore withdrawn from circulation.

ARTICLE X.

Figures correctly indicating the year of actual coinage shall be stamped upon every gold and silver piece coined in the four states.

ARTICLE XI.

The Government of the French Republic accepts the task of gathering together all the administrative and statistical documents relative to the issue of coins, to the production and consumption of precious metals, to monetary circulation, and to the counterfeiting and debasement of coins. It shall communicate them to the other governments, and the contracting countries shall advise in concert, if necessary, as to the measures best adapted to rendering this information as accurate as possible, as well as to preventing the counterfeiting and alteration of coin and to securing the repression thereof.

ARTICLE XII.

Any request to be allowed to unite in this convention made by a state accepting its obligations and adopting the monetary system of the union can be accorded only by the unanimous consent of the high contracting parties.

The high contracting parties pledge themselves to withdraw from circulation or to refuse legal currency to silver 5-franc pieces of states not belonging to the union. Such pieces shall not be received either by the public treasuries or by banks of issue.

ARTICLE XIII.

The present convention taking effect from the 1st day of January, 1886, shall remain in force until January 1, 1891.

If one year before the latter date it has not been denounced, it shall remain in force from year to year, by tacit extension, and shall continue to be binding for one year from the 1st day of January next following its denunciation.

ARTICLE XIV.

In case of the denunciation of this convention, each of the contracting states shall be bound to redeem the silver 5-franc pieces which it shall have issued, and which shall be in the circulation or the public treasuries of the other states, by paying to those states a sum equal to the nominal value of the coins redeemed, in such manner as shall be determined by a special arrangement to be appended to this convention.

ARTICLE XV.

This convention shall be ratified; its ratifications shall be exchanged at Paris as soon as possible, and at the latest, by December 30, 1885.

In testimony whereof the respective plenipotentiaries have signed this convention, and have thereunto affixed the seal of their arms.

Done in _____ at Paris this _____.

AGREEMENT CONCERNING THE EXECUTION OF ARTICLE 14 OF THE CONVENTION OF _____, 1885.

The Governments of France, Greece, Italy, and Switzerland, desiring to regulate by a special agreement the execution of the liquidation clause, inserted in Article 14 of the Monetary Convention, concluded between them, of even date, the undersigned, duly authorized for this purpose, have agreed on the following provisions:

ARTICLE I.

During the year following the expiration of the Convention, proceedings shall be commenced for the reciprocal exchange and return to the country of origin of the silver 5-franc pieces which may exist in equivalent amounts in the various states.

ARTICLE II.

The deliveries of coin or of funds rendered necessary by the execution of the present agreement shall be made:

- In France, at Paris, Lyons, or Marseilles;
- In Greece, at Athens;
- In Italy, at Rome, Genoa, Milan, or Turin;
- In Switzerland, at Berne, Basle, Geneva, or Zurich.

ARTICLE III.

Each of the contracting states shall withdraw from circulation the silver 5-franc pieces bearing the stamp of the other states of the Union. This withdrawal shall be completed by the first of October of the year following the expiration of the present Convention.

From that date all the silver coins above mentioned may be refused acceptance by the public offices elsewhere than in their country of origin. The state continuing to accept them can receive them only for its own account, and not for that of the state which issued them.

On the 15th of January of the following year after the set-off has been made, the account of the coins withdrawn from circulation shall be stated according to their nationality, in each of the states, and the others notified reciprocally.

The balance, if one exists at that date, shall be kept by the state holding it, at the disposal of the state which coined the pieces. The latter shall withdraw these coins, paying for them at their nominal value.

ARTICLE IV.

The payments stipulated in the preceding article shall be made in gold, or in silver 5-franc pieces, coined with the impression of the creditor state, or in drafts payable in that state, either in the same coin or in bank-notes which are current there.

This payment may be apportioned into payments made every three months, provided that the account shall be settled inside of a maximum period of five years, counting from the day of the expiration of the Convention. These payments may be always wholly or partially anticipated.

A bonus shall be paid on the amount payable of 1 per cent. annually during the second, third, and fourth years, and $1\frac{1}{2}$ per cent. during the fifth year. Interest shall in each case be calculated from the 15th of January, the day of the settlement fixing the balance to be withdrawn, and in case of anticipation of the payments, it shall undergo a proportionate abatement.

ARTICLE V.

All the expense of transport, both of the balance of silver coin which is to be returned to the country of its origin and of the funds or specie intended to pay for it, is to be borne by each State as far as its own frontiers.

ARTICLE VI.

As a partial exception to the preceding provisions, and in view of the exceptional situation of Switzerland, it is agreed:

1. That the 5-franc pieces issued by France, and withdrawn from circulation in Switzerland, shall be transmitted by the Federal Government to the French Government, which shall cause payment to be made for them to Switzerland according to the following conditions:

The French Government will pay in succession on sight, in Swiss 5-franc silver pieces, or in gold coins of 10 francs and over, coined in accordance with the conditions of the Convention from the beginning of the year following the expiration of the said Convention, for all the consignments of 5-franc silver pieces issued by France and withdrawn from circulation in Switzerland, under the reservation that the amount of each of these consignments shall not be less than 1,000,000 nor more than 10,000,000 francs. The final balance alone may be less than 1,000,000 francs.

But the payments to be made in gold by the French Government to the Federal Government on account of the withdrawal of the French 5-franc silver pieces, are not to exceed the sum of 60,000,000 francs.

2. That the silver 5-franc pieces issued by Italy, and withdrawn from circulation in Switzerland, shall be transmitted by the Federal Government to the Italian Government, which, from the beginning of the year following the expiration of the Convention, shall pay their value, in succession, on sight, in Swiss 5-franc silver pieces, or in gold coins of 10 francs and over, coined in accordance with the conditions of the Convention aforesaid, or in sight-drafts on Berne, Bâle, Geneva, or Zurich, payable in accordance with the conditions provided in the first paragraph of the fourth article of the present agreement. The amount of each of these consignments of Italian silver 5-franc pieces shall not be less than 500,000 francs, with the exception of the settlement of the final balance, nor more than 2,000,000 francs.

The successive payments to be made by the Italian Government to the Federal Government shall be, as a general rule, composed, to the extent of at least two-thirds, of gold coin and of Swiss 5-franc silver pieces, and, for the remainder, of drafts in accordance with the conditions settled in the preceding paragraph. If any exception is made to this rule, the proportion shall be re-established on the occasion of the next payment.

But the Italian Government shall not be held liable to pay in gold or in Swiss silver 5-pieces, to the Federal Government, a total amount greater than 20,000,000, and the total amount of the payments to be made in money and in drafts by the Italian Government to the Federal Government for the entire operation of withdrawing and exchanging the Italian 5-franc silver pieces circulating in Switzerland shall not exceed the sum of 30,000,000 francs.

ARTICLE VII.

The present agreement shall be ratified and the ratifications thereof shall be exchanged at Paris at the same time as those of the monetary convention concluded, of even date, between the four states.

In testimony whereof the undersigned have signed the present agreement, and have affixed the seals of their arms thereto.

Done in duplicate at Paris on ———.

DECLARATION.

1. The Hellenic Government, referring to the several stipulations of article 8 of the monetary convention of this date, and desiring to give, on its part, all possible guarantees for the continuance of the union, assumes the following engagement: During the continuance of the forced currency in Greece, the Hellenic Government will not resume the free coinage of silver, nor after the suppression of the forced currency will it resume free coinage without a previous understanding with France and Italy.

2. The Swiss Federal Government declares that the obligation stipulated in the second paragraph of article 12 of the monetary convention concluded on this day and date, cannot be put in execution in Switzerland except within the limits of federal legislation concerning banks of issue.

An official certificate of this reservation is accorded to the Swiss Federal Government.

In testimony whereof the undersigned plenipotentiaries, duly authorized to this effect, have signed the present declaration, which shall be considered as approved and sanctioned by the respective Governments, without other special ratification, by the simple fact of the exchange of ratifications of the monetary convention to which it has reference.

Done in ——— copies at Paris the ———.

ANNEX A.

To the Monetary Convention of the ———, November, 1885.

PARIS, October 31, 1885.

MONSIEUR THE GOVERNOR: The negotiations going on at present with a view of renewing the Latin Union impose upon me the duty of claiming, as in the past, the concurrence of the Bank of France to secure the circulation in France of the coins of the Union, and I have the honor to indicate what should be, in the opinion of the Government, the position taken by the bank toward these coins.

The bank should engage to receive, jointly with the public treasury, the 5-franc pieces of the Latin Union on conditions identical with those upon which she receives the French silver pieces. This engagement should last during the continuance of the convention now under negotiation, a duration determined by the first paragraph of article 13 of the draft of convention. At the expiration of the convention the liquidation of the 5-franc foreign pieces that are found in its vaults would be effected for account of the state.

I beg you to be kind enough to submit this proposition to the general council of the bank, and to inform me of the result as the same is understood by you.

Accept, Monsieur the Governor, the assurance of my high consideration.

The minister of finance :

SADI CARNOT.

ANNEX B.

To the Monetary Convention of ———, November, 1885.

PARIS, November 2, 1885.

MR. MINISTER: I have received the letter which you have done me the honor to address to me under date of the 31st of October last, and in which you inform me that the negotiations now taking place, with a view to the renewal of the Latin Union, impose upon you the duty of claiming, as in the past, the concurrence of the Bank of France, to secure the circulation in France of the coins of the Union. You indicate to me what should be, in the opinion of the Government, the position taken by the bank toward these moneys, and you say: "The bank should engage to receive, jointly with the public treasury, the 5-franc pieces of the Latin Union on conditions identical with those upon which she receives the French silver pieces. This engagement should last during the continuance of the convention now under negotiation, a duration determined by the first paragraph of article 13 of the draft of convention. At the expiration of the convention the liquidation of the 5-franc foreign pieces that are found in its vaults would be effected for account of the state."

I have the honor to inform you that, according to your wishes, I hastened to submit your propositions to the general council of the bank, which has accepted them without any modification, and has authorized me to bring this decision to your knowledge.

Be pleased, Mr. Minister, to accept the assurance of my high consideration.

The vice-president of the senate, governor of the Bank of France:

J. MAGNIN.

No. 12.

Additional act to the Monetary Convention signed the 6th of November, 1885, between France, Greece, Italy, and Switzerland.

The Governments signing the monetary convention concluded at Paris the 6th of November, 1885, having agreed to leave to Belgium the power of entering anew as a contracting party with the Union reconstituted by this convention, and the Belgian Government desiring to take advantage of this power—

The undersigned, duly authorized for that purpose, have agreed upon the following provisions:

ARTICLE I.

The Belgian Government adheres to the monetary convention signed at Paris the 6th November, 1885, between France, Greece, Switzerland, Italy, as well as to the declaration and to the agreement which are annexed to it.

On this side the Governments of France, Greece, Italy, and Switzerland acknowledge the adhesion of the Belgian Government, and give their consent to it.

ARTICLE II.

The National Bank of Belgium will receive the silver pieces of 5 francs of the countries of the Union under the identical conditions that she receives the Belgium silver pieces of 5 francs during the duration of the convention, just as is determined for the Bank of France by Article III of the convention.

ARTICLE III.

The contingent of the silver pieces of 2 francs, 1 franc, 0.50 centimes, and 0.20 centimes, which can be coined and issued by Belgium under the conditions of Articles IV and IX of the convention, is fixed at 35,000,000 francs. The amount already emitted up to this day by the Belgian Government shall be computed on this figure. By exception Belgium is authorized to manufacture 5,000,000 of these coins out of the silver pieces of 5 francs which it might remelt.

ARTICLE IV.

By a partial derogation from the stipulations of Article IV of the agreement annexed to the convention of the 6th of November, the following provisions are determined upon:

If at the date of the 15th of January, indicated by section 3 of Article III of aforesaid agreement, the French Government finds that it is

the holder, after the clearance, of a balance of Belgian silver pieces of 5 francs, this balance shall be divided into two equal parts. The Belgian Government will be held to the reimbursement of half of the balance, conformably with Article IV of the agreement.

It engages itself not to make in its monetary system any change which might hinder the return to its own country of the other half by way of commerce and exchange. This agreement shall have a duration of five years, starting from the expiration of the Union. Belgium shall be able to put an end to it by accepting the obligation of reimbursing this second half under the conditions provided by Article IV of the agreement. Under all circumstances the Belgian Government reserves to itself the power of making in its monetary legislation the changes which shall be made in the French monetary legislation.

The Belgian Government guarantees that the balance shall not exceed 200,000,000 francs. If there should be an excess over this sum it shall be reimbursed under the condition provided by Article IV of the agreement.

In case that the Belgian Government should find itself, on the contrary, after the dissolution of the Union, holder of a balance of French silver 5-franc pieces, the French Government reserves to itself the power of claiming from Belgium the application of the provisions stipulated in the present articles.

ARTICLE V.

The French and Italian Governments reserve to themselves the power of claiming the application of the provisions stipulated in the preceding article for the settling of their mutual accounts at the moment of the dissolution of the Union, the maximum of the balance being fixed between them at the same figure, 200,000,000 francs.

ARTICLE VI.

Belgium shall reimburse to Switzerland successively at sight, in Swiss silver pieces of 5 francs, or in gold pieces of 10 francs and more, coined under the conditions of the convention, and that from the commencement of the year which shall follow the expiration of said convention, all the shipments of silver pieces of 5 francs emitted by Belgium and retired from circulation in Switzerland. The amount of each of these shipments shall not be less than 1,000,000 nor more than 2,000,000 francs. The final payment can alone be less than 1,000,000 francs. However, the reimbursement to be made in gold or in Swiss silver 5-franc pieces by the Belgian Government to the Swiss Federal Government, in order to retire the Belgian silver pieces of 5 francs shall not exceed the sum of 5,000,000 francs.

If the balance to liquidate exceed the sum of 5,000,000 francs, Belgium binds itself not to make in its monetary system any change of a nature to hinder the return to its own country of said excess by way of commerce and exchange, and this during a period of five years, starting from the expiration of the Union or during a period which shall be agreed upon between France and Belgium with the same object.

ARTICLE VII.

In the case of the dissolution of the Union the delivery of specie or of securities for clearance for the execution of the agreement annexed.

to the convention of the 6th November shall be made in Belgium, at Brussels, or at Antwerp; in France at Paris, Lille, Lyons, or Marseilles.

ARTICLE VIII.

The present additional act to the monetary convention of the 6th November, 1885, shall be ratified, and the ratifications shall be exchanged at Paris at the same time as those of the said convention.



